

TRUST AGREEMENT

TAX-FREE FIRST HOME SAVINGS ACCOUNT OF ÉPARGNE PLACEMENTS QUÉBEC

1. DEFINITIONS

For the purposes of these presents, the words and expressions below have the following meaning:

- a) **assets in the Account:** all the investments or property of any nature whatsoever that constitute the Account, including all contributions made to the Account, as well as the interest income and any other income of any kind whatsoever, produced or earned during the administration of the Account by the Trustee.
- b) **beneficiary:** an individual (including an estate) or a qualified donee that has a right to receive a distribution from the FHSA after the death of the holder.
- c) **Account:** the **qualifying arrangement** within the meaning of section 146.6 of the Tax Act established after March 31, 2023 by the Trustee for the benefit of the holder in accordance with the terms and conditions in the Application and in these presents, as this Account may be changed from time to time, and which, when registered, will be a first home savings account (“**FHSA**”) within the meaning of the Tax Act.
- d) **spouse:** a spouse or common-law partner within the meaning of the Tax Act.
- e) **Application:** the Account participation application form, being an integral part of these presents, completed and signed by the holder.
- f) **Épargne Placements Québec:** an administrative unit of the Ministère des Finances of Québec and mandatary of the Trustee for the purposes of this Account.
- g) **Trustee:** Natcan Trust Company, a trust company duly constituted under the *Trust and Loan Companies Act* (SC 1991, chapter 45), also referred to as the issuer under the Tax Act.
- h) **Tax Act:** the *Income Tax Act* (RSC 1985, chapter 1, 5th supplement) and, where appropriate, the regulations made under that Act.
- i) **qualifying individual:** an individual who, at a particular time

i) is a resident of Canada;

ii) is at least 18 years old of age; and

iii) did not, at any prior time in the calendar year or in the preceding four calendar years, inhabit as a principal place of residence a **qualifying home** within the meaning of section 146.6(1) of the Tax Act (in Canada or elsewhere) that was owned or co-owned by the individual or the individual’s spouse at the particular time.
- j) **Savings Product:** any bond or other security issued by the Québec government under the book based system managed by Épargne Placements Québec.
- k) **survivor:** the individual who is, immediately before the qualifying individual’s death, the spouse of the qualifying individual.
- l) **holder:** the qualifying individual (other than a trust) named on the Application and, on the individual’s death, the individual’s spouse, if the spouse is then alive and:

i) is designated as a successor holder of the Account;

ii) is a qualifying individual; and

iii) the Account balance has not been transferred to their registered retirement savings account (“**RRSP**”) or their registered retirement income fund (“**RRIF**”), or distributed to them as a beneficiary, by the end of the year following the year of death (the latter being also referred to as the “**successor holder**” in these presents).

2. PURPOSES OF THE ACCOUNT

All contributions paid into the Account, as well as the interest income and any other income of any nature whatsoever, produced or earned by the Account and held in the Account by the Trustee, and invested in accordance with the provisions of these presents, are used for the purposes of distributions to the holder.

The Trustee, by accepting the Application, agrees to administer the Account as stipulated in these presents and in accordance with the Tax Act. Subject to the registration of the Account under the Tax Act, this trust agreement takes effect on the date the Trustee approves the Application.

3. REGISTRATION

The Trustee must file an election to register the qualifying arrangement as a FHSA pursuant to the Tax Act. For this purpose, the Trustee is entitled to rely on the information provided by the holder in the Application. If registration of the Account is refused, the Application and this trust agreement are cancelled and the sums of money or the property transferred into the Account are refunded by cheque or a transfer of funds.

4. MAXIMUM PARTICIPATION PERIOD

The maximum participation period for the Account begins when the holder first enters into a qualifying arrangement and ends at the end of the year following the year in which the earliest of the following events occurs:

- a) the 14th anniversary of the date the holder first enters into a qualifying arrangement;
- b) the holder reaches the age of 70 years; and
- c) the holder first makes a qualifying withdrawal (as defined below) from a FHSA.

5. WHEN THE ACCOUNT CEASES TO BE A FHSA

The Account ceases to be a FHSA and must be closed at:

- a) subject to paragraph b), the earliest of the following times:

i) the end of the maximum participation period of the last holder;

ii) the end of the year following the year of the death of the last holder;

iii) the time at which the Account ceases to be a qualifying arrangement;

iv) the time at which the Account is not administered in accordance with the conditions in subsection 146.6(2) of the Tax Act.
- b) a later time specified by the Minister in writing.

6. CONTRIBUTIONS

The holder can make contributions to the Account until the Account is closed. However, contributions made after a qualifying withdrawal (as defined below) are not tax-deductible and do not give rise to qualifying withdrawals.

The holder is solely responsible for ensuring that such contributions are within the limits prescribed by the Tax Act. The Trustee makes no verification in this regard.

7. INVESTMENTS

The assets in the Account are invested solely in Savings Products in accordance with the instructions given by the holder to Épargne Placements Québec from time to time, in a form considered satisfactory by the Trustee. The holder is responsible for ensuring that investments made in or transferred to the Account are and remain qualified investments within the meaning of the Tax Act. The Trustee and its mandatary act with the care, diligence and skill that a prudent person would, in order to reduce to a minimum the possibility that a trust governed by the Account holds non-qualified investments.

In the absence of instructions from the holder concerning the investment of the assets in the Account or the reinvestment of maturing investments, the value at maturity of such investments, capital and interest, is invested or reinvested in Flexi-Plus Savings Units. However, the value at maturity of Québec Savings Bonds is automatically reinvested in Québec Savings Bonds issued on the maturity date or, if such bonds are not available, in Flexi-Plus Savings Units.

The holder is responsible for the investment of the assets and the reinvestment of maturing investments.

Notwithstanding any provision in these presents, Épargne Placements Québec reserves the right to stop offering certain Savings Products.

8. CONDITIONS AND RESTRICTIONS

- a) The Account is maintained for the exclusive benefit of the holder.
- b) As long as it has one holder, only the holder and the Trustee have rights in relation to the amount and the timing of distributions and the investment of funds in the Account.
- c) Only the holder can make contributions to the Account.
- d) The trust cannot borrow money or other property for the purposes of the Account.
- e) The arrangement meets prescribed conditions.

9. DISTRIBUTIONS

Subject to such requirements the Trustee may reasonably impose, the holder can withdraw assets from the Account by making a request in a form the Trustee considers satisfactory. Any withdrawal will be subject to withholding tax unless the withdrawal is a **qualifying withdrawal** within the meaning of the Tax Act.

- a) is a resident of Canada on the date of the withdrawal and continues to be a resident of Canada until the earlier of the holder’s death and the time at which the holder acquires the qualifying home;
- b) does not have an owner-occupied home within the meaning of paragraph 146.01(2)(a.1) of the Tax Act in the period that begins at the beginning of the fourth preceding calendar year that ended before the withdrawal and that ends on the 31st day before the withdrawal;
- c) entered into an agreement in writing before the date of the withdrawal for the acquisition or construction of the qualifying home before October 1 of the calendar year following the year of the withdrawal;
- d) has made a written request for payment in prescribed form stating the location of the qualifying home that he uses as a principal place of residence or intends to use for that purpose not later than one year after its acquisition or construction; and
- e) did not acquire the qualifying home more than 30 days before the date of the withdrawal.

The holder may make one or more qualifying withdrawals of all or part of the assets in the Account. Such withdrawals are limited to a single qualifying home for life and must be made no later than the 15th year after the first qualifying arrangement was entered into by the holder.

The holder may also withdraw assets in the Account for the purpose of reducing the amount of tax otherwise payable by him under section 207.021 of the Tax Act. The Trustee shall then dispose of all or a portion of the assets in the Account and pay the holder an amount equal to the proceeds of disposition of such assets (net of any applicable disposition costs), less any payable charges and taxes (including interest and penalties) except as prohibited under the Tax Act.

10. TRANSFERS TO OTHER ACCOUNTS OR PLANS

Subject to the conditions set out in the Tax Act and such requirements the Trustee may reasonably impose, the holder may ask the Trustee to transfer to another FHSA of which he is the holder :

- a) all or a portion of the assets in the Account; or
- b) an amount equal to the proceeds of disposition of all or a portion of the assets in the Account (net of any applicable disposition costs), less any payable charges and taxes (including interest and penalties) except as prohibited under the Tax Act.

A transfer may also be made to an RRSP or RRIF of which the holder is the annuitant, but only up to the amount calculated according to the formula in paragraph 146.6(7)(c) of the Tax Act.

In addition, and subject to the conditions and limitations set out in the Tax Act and any other legislation applicable in Québec, a transfer may be made to a FHSA of which the holder’s spouse or former spouse is the holder or to an RRSP or RRIF of which that spouse or former spouse is the annuitant, in settlement of rights arising out of, or on a breakdown of, their marriage or common-law partnership.

11. TRANSFERS FROM AN RRSP

The holder may transfer assets from an RRSP of which he is the holder to the Account subject to the conditions prescribed by the Tax Act and such requirements as the Trustee may reasonably impose.

12. WITHDRAWAL OR TRANSFER

If only part of the assets in the Account are withdrawn or transferred, the holder may specify in his request which assets he wishes to dispose of or transfer. Otherwise, the Trustee disposes of the assets or transfers them in its sole discretion. The Trustee is not required to cash in or transfer an investment prior to maturity.

13. DEATH OF THE ACCOUNT HOLDER

Subject to the following and applicable laws, the Trustee shall dispose of the assets in the Account upon receipt of satisfactory evidence of the death of the holder. After deducting

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applicable taxes, costs of disposition, fees and other amounts payable, the Trustee shall pay the net proceeds of disposition to the beneficiaries in a lump sum..

Despite the preceding, the Trustee may instead, in the cases and on the terms set out in the Tax Act, transfer, through Épargne Placements Québec, the assets in the Account to one or more persons entitled to them, such as a successor holder.

Such a payment or transfer cannot be made as long as the Trustee has not received the releases and other documents it may reasonably request.

14. DOCUMENTS

Épargne Placements Québec maintains a separate account for the Account. It gives the holder a copy of this agreement and sends him, on a regular basis, at least once a year, a statement indicating the contributions received, investments held, interest income and other income, as well as the payments, transfers, redemptions and the expenses debited, if any, directly charged against the assets held in the Account of the holder pursuant to the second paragraph of section 15 c), made since the last statement, as well as the balance of the Account.

Épargne Placements Québec also sends the holder and the competent authorities, as the case may be, the information statements, notices and other documents in compliance with the Tax Act.

15. PROVISIONS CONCERNING THE TRUSTEE

- a) **Delegation of powers.** The Trustee may delegate any of its powers or duties to its mandataries. In such event, the mandataries may receive all or part of the fees to which the Trustee is entitled under these presents. Notwithstanding any such delegation, the ultimate responsibility for the administration of the Account remains with the Trustee.
- b) **Resignation of the Trustee.** The Trustee may resign or be replaced as issuer of the Account provided a successor Trustee has accepted such office. The successor Trustee must be a legal person resident in Canada and duly authorized by the applicable laws to act in that capacity. The holder must receive 30 days' written advance notice of the change of Trustee from the Trustee or its mandatary.
- c) **Fees and expenses.** The Trustee receives the fees and other expenses it prescribes from time to time and agreed by Épargne Placements Québec; such fees and expenses are charged entirely to Épargne Placements Québec, not to the holder. The Trustee is entitled to request fees from Épargne Placements Québec at the end of the Account, on the transfer or withdrawal of assets from the Account or in any other situation it may reasonably determine.

The Trustee is reimbursed by Épargne Placements Québec for any expenses, outlays and costs it or its mandataries incurred in relation to the administration of the Account. The reimbursement of duties, taxes, interest or penalties payable in respect of the Account may also, but only to the extent not prohibited by the Tax Act, be applied directly to, and deducted from, the assets in the Account. The Trustee may, but shall not be obligated to, dispose of the assets in the Account without further action and on such terms as it may determine and apply the proceeds of disposition to the payment in default.

- d) **Liability and compensation.** At all times, the holder and his personal representatives or beneficiaries shall indemnify and hold harmless the Trustee and its representatives, mandataries and correspondents from and against all taxes, interest, penalties, assessments, fees (including legal and attorney fees), costs, expenses, claims and demands incurred, charged or made in connection with the Account, to the extent not prohibited by the Tax Act.

The indemnity must be paid within 30 days of the claim to the holder and may be paid out of the assets in the Account.

Except as otherwise provided by applicable laws and in these presents, and without limiting the scope of other agreements with the holder, the Trustee and its representatives, mandataries and correspondents shall not be liable for any loss or damage suffered by the Account, the holder, any beneficiary or any other person, resulting from, but not limited to:

- i) any loss in value of the assets in the Account
- ii) any acquisition, holding, or disposition of an investment
- iii) any payment made from the Account, liquidation or closure of the Account, withdrawal, transfer or distribution of assets in the Account (including any tax consequences of such transactions)
- iv) any excess contributions to the Account
- v) any performance or non-performance of instructions given to the Trustee or its representatives, mandataries or correspondents,

unless the loss or damage is caused by bad faith, willful misconduct, gross negligence or, in Québec, the gross or intentional fault of the Trustee or its representatives, mandataries or correspondents.

Notwithstanding the foregoing, in no event shall the Trustee or its representatives, mandataries or correspondents be liable for any special, indirect, punitive, incidental or consequential loss or damages whatsoever.

The Trustee shall be discharged of any liability after payment of the balance of the Account in accordance with these presents.

- e) **Instructions.** The Trustee is entitled to rely on any instructions it receives from or believes in good faith to be given by the holder or any other person designated by the holder, whether such instructions are given in person, by mail, by facsimile or by any other electronic means.

16. MISCELLANEOUS PROVISIONS

- a) **Modifications.** The Trustee may from time to time, at its sole discretion, modify the terms and conditions of the Account i) to comply with a requirement of an applicable law, or ii) by giving the holder 30 days' written advance notice. However, such change must not disqualify the Account as a tax-free first home savings account within the meaning of the Tax Act.
- b) **Proof.** The Trustee reserves the right to ask the holder or any person affirming to be a beneficiary to provide, at the appropriate time and at their expense, satisfactory proof of their age or of any fact relevant to their interest or right in or to the Account.
- c) **Specie.** All sums of money payable under the terms of these presents are payable in lawful money of Canada.
- d) **Enforceability.** The terms and conditions of these presents bind the heirs and personal legal representatives of the holder as well as the successors and assigns of the Trustee. However, if the Account or the assets in the Account are transferred to a successor trustee, the terms and conditions of such trustee's trust agreement shall subsequently govern the Account.

- e) **Declaration of non-residency.** The holder undertakes to notify the Trustee or Épargne Placements Québec immediately if he is or becomes a non-resident of Canada.
- f) **Interpretation.** Where required by the context, the masculine gender includes the feminine and neuter genders and the singular includes the plural and vice versa.
- g) **Notice.** Notice given to the Trustee shall be considered sufficient if it is given or mailed to Épargne Placements Québec at the address indicated in these presents, or to such other address notified by mail. Notice is deemed to have been given to the Trustee on the actual date of receipt of the notice by Épargne Placements Québec. Any notice, statement or receipt sent to the holder is considered validly given if it is handed to the holder in person or sent by mail to the last address indicated in the register kept by Épargne Placements Québec. Such notice, statement or receipt is deemed to have been given at the time of delivery to the holder if delivered in person or, if it is mailed, on the date it is mailed to the holder.
- h) **Applicable law.** The Account is governed by the law applicable in Québec and is interpreted in accordance with that law.

GENERAL INFORMATION

Protection and use of personal or confidential information

Épargne Placements Québec has implemented a Privacy Policy in accordance with the requirements of the *Act to modernize legislative provisions as regards the protection of personal information* (2021, c 25).

This policy sets out the various rules and measures concerning the collection, use, retention and disclosure of personal information as part of Épargne Placements Québec's activities. It is available at the following address: <https://epg.gouv.qc.ca>.

Épargne Placements Québec restricts the collection of personal information to that which is necessary to provide quality service to its clients, while respecting its commitment regarding privacy and information security. Much of this information is essential to the processing of your request and the transactions you will subsequently carry out with Épargne Placements Québec. Épargne Placements Québec uses this information for the administration of the account registration system and the sale of savings products, to open a participant account allowing you access to online transactions, to offer you savings products and to send you information about them. To this end, Épargne Placements Québec must obtain your consent.

Your consent is also required so that Épargne Placements Québec can inform you of product promotions and notify you when consultations are taking place to obtain your opinion on its services and products or to find out about your expectations. You can give your consent through our transactional website, by email or by calling one of our agents directly. You may withdraw your consent to the use of your personal information for promotional offers and consultations at any time.

The book based system

Épargne Placements Québec products are fully guaranteed by the Québec government and the book based system administered by Épargne Placements Québec.

Registration in this system confirms ownership, in the participant's name, of the products booked in his securities portfolio. Épargne Placements Québec

sends the participant, or the person authorized to act in his name, a quarterly statement of his securities portfolio and, when required, a statement confirming certain transactions carried out in the book based system. Épargne Placements Québec's transactional Web site allows participants to consult information on their product portfolio and access all their transaction statements, such as portfolio statements, transaction confirmations and tax slips.

Participation in the book based system is reserved for the persons or groups of persons domiciled in Québec or groups of property set out in the Regulation respecting savings products (CQLR chapter A-6.001, r. 9), hereinafter the Regulation . To participate, an application form must be completed and the required documents must be supplied, upon opening an initial account.

Transactions

Transaction requests can be made in the book based system using any appropriate transmission method, with the exception of transfer of ownership of a security, which must be made exclusively using the form supplied by Épargne Placements Québec and in the cases provided for in the Regulation. A participant who is no longer domiciled in Québec may no longer, in any manner whatsoever, make a purchase transaction.

Savings products can be acquired on Épargne Placements Québec's transactional website or by telephone.

Épargne Placements Québec must be advised of any error or irregularity detected in a statement within 30 business days of the date of such statement.

Otherwise, the Québec government assumes no liability for the harm that may result from such error or irregularity.

Security of transactions

Épargne Placements Québec has set rules and procedures that satisfy the highest standards regarding security of transactions. Accordingly, a participant wishing to carry out a transaction by phone must identify himself to Épargne Placements Québec by means of the personal information in his file. For a transaction carried out on Épargne Placements Québec's transactional website, the participant must identify themselves using their username and password.

Épargne Placements Québec records telephone conversations relating to transaction requests.

Banking information

The banking information of a transactions account at the financial institution of the participant enable Épargne Placements Québec to pay amounts due to the participant (interest and redemptions) directly into this account within a maximum of two business days. It also allows Épargne Placements Québec to debit the same account for any amount payable on the purchase of a savings product or for an overpayment. A payment is deemed to be made on the date stipulated in the electronic funds transfer instructions given to the financial institution.

By providing Épargne Placements Québec with your banking information, you authorize both Épargne Placements Québec and the designated financial institution (or any other financial institution you may subsequently authorize) to debit your bank account, in accordance with instructions received by any appropriate means of transmission, for a one-time amount for the purchase of a savings product or for recurring amounts by bank or payroll deductions (if applicable). This authorization remains in effect for the duration of the account registration with Épargne Placements Québec.

Periodic savings

Changes to the amount and frequency of withdrawals (pre-authorized debits) for bank withdrawals are authorized in accordance with the terms and conditions of the products held. Withdrawals may also be cancelled at any time.

Pre-authorized debits If a debit does not agree with the instructions given to Épargne Placements Québec, you have a right of recourse. For example, you are entitled to receive a reimbursement of a debit that is unauthorized or incompatible with your transaction instructions.

To change or cancel instalments drawn from your bank account or to obtain more information on your right of recourse, contact Épargne Placements Québec.

For more information on the rules governing pre-authorized debits, you can also visit www.cdnpay.ca.

* Épargne Placements Québec is an entity of the Ministère des Finances of Québec and the name "Épargne Placements Québec" is an official trademark owned by the Québec government.